

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
SMARTSAVE
COMMITTEE MEETING

June 9, 2020

1. This meeting of the Public Employees Retirement Board SmartSave Committee was called to order telephonically/Zoom by Chair Shirley Ragin at approximately 9:00 a.m. on the above-cited date.
2. & 3. Following the Pledge of Allegiance, roll was called and a quorum was confirmed as follows:

Members Present:

Shirley Ragin, Chair
David Roybal, Vice Chair
Lawrence Davis [appointed]

Member(s) Absent:

Patty French
Tim Eichenberg
Claudia Armijo

Other Member(s) Present:

John Melia
Paula Fisher
Dan Mayfield
Loretta Naranjo Lopez

Staff Members Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff/General Counsel
Dominic Garcia, Chief Investment Officer
Greg Trujillo, Deputy Director/Chief Information Officer
Trish Winter, Executive Assistant
Karyn Lujan, SmartSave Plan Manager
Anna Williams, Chief Financial Officer

Others Present:

Paul Cowie, Meketa
Charles Burciaga, Voya Financial

4. APPROVAL OF AGENDA

Mr. Roybal moved to approve the agenda as published. His motion was seconded by Mr. Davis and passed by unanimous [3-0] roll call vote.

5. APPROVAL OF CONSENT AGENDA

Mr. Davis moved approval and Mr. Roybal seconded. The motion passed by unanimous [3-0] roll call vote.

6. NEW BUSINESS

A. Q3 FY20 Investment Performance Review

Karyn Lujan, SmartSave Plan Manager, invited Paul Cowie, Meketa, to provide the quarterly investment report. He said it was a very eventful quarter with a good rebound over the past few months. He reminded the committee of the structure of the investment plan and the four tiers: lifecycle/age-based funds, passive funds, active funds and extended choice. Assets were down during the quarter; however, assets are back up in June. He mentioned that during market volatility, it is not surprising to see an uptick in bonds which occurred in the SmartSave program. Net cash flows into the plan were approximately \$147,000 during the quarter.

Mr. Cowie reviewed the returns noting that the funds tracked their indexes as expected while equities were down from 24 percent to 28 percent. He said there were varied returns in equities depending on the fund's sector. Referring to the extended choice, which represents 1.8 percent of the plan's assets, Franklin Templeton Global Bond continues to be monitored.

Dominic Garcia, CIO, said there is an active search to replace Franklin Templeton Global Bond.

Mr. Cowie reviewed the expense ratio of each fund and said average fee is 36 basis points.

Referring to the May performance, Mr. Cowie said it was surprising how quickly the markets bounced back. Yesterday, the S&P 500 closed with a positive bringing the market back to where it was at the start of 2020. June has continued to provide strong performances.

Ms. Lujan clarified that the agenda refers to the fiscal year refers rather than the calendar year.

B. Q3 FY20 Plan Activity Review

Ms. Lujan said the plan ended the quarter with 23,266 participants and a net asset value just shy of \$590 million. She identified the number of participants in the traditional 457b/ pre-tax option and those in the new Roth option. Tele-outreach was implemented

because employees were mostly working remotely.

For clarification purposes, Mr. Davis suggested asterisking the data to signify the pandemic.

B. Q2 FY20 Plan Activity Review

The March 2020 CARES Act, provides economic relief for any employees who have been financially impacted by Covid-19. Ms. Lujan said the Act allows for greater flexibility in accessing funds while still in employment under three separate options. The option mirrors the Plan's unforeseen emergency distribution provides the benefit of not withholding tax. The employee has up to three years to pay back their tax liability and/or pay back what was withdrawn. Another option is the Covid-related loan which postpones repayment until January 2021. For those participants who have an existing loan, they can choose to suspend loan repayment, although the interest will still accrue, until 2021. There was also a waiver regarding the required minimum distribution for 2020. Ms. Lujan said Voya sent a communication to those eligible for the required minimum distribution in April.

Ms. Lujan stated as of June 5th there were 86 distributions, nine loans and approximately 20 participants suspended their loan repayments.

Voya will be rolling out an information campaign on the two available investment advice options. There is a free online advice option and a tiered fee option for professional managed account. The tiered fee is approximately \$5 per month for every \$10,000 in the account. The fee is waived for the first three months for new users.

Chip Burciaga, Voya relationship consultant, said since Covid-19 they have seen an increased interest in the advice options. Voya has been tracking participant behavior and has found across their book of business – not only the tax exempt marketplace – that only 2 percent of the participants have changed their allocation since the virus.

Ms. Lujan was commended for the partnership that has been created with Voya and how it is benefitting the membership.

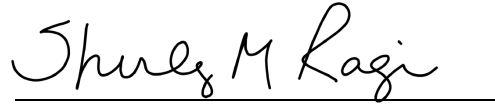
5. OTHER BUSINESS

None was presented.

6. **ADJOURNMENT**

Having completed the agenda, Chair Ragin adjourned this meeting at approximately 9:58 a.m.

Approved by:



Shirley Ragin, Chair
SmartSave Committee

ATTEST:



Wayne Propst, Executive Director